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FISCAL IMPACT STATEMENT

LS 7095
NOTE PREPARED: Feb 24, 2010
BILL NUMBER: SB 396
BILL AMENDED: Feb 23, 2010

SUBJECT: Economic Development.

FIRST AUTHOR: Sen. Kenley
BILL STATUS: As Passed House
FIRST SPONSOR: Rep. Grubb

FUNDS AFFECTED: X **GENERAL**
X **DEDICATED**
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) The bill has the following provisions.

Farmland Assessment: In making the annual calculation of the base rate for the assessment of agricultural land, this bill requires the Department of Local Government Finance (DLGF) to use an adjusted six-year average that eliminates the highest value determined for the six-year period.

Job Creation Tax Credit: The bill provides a job creation tax credit to small businesses that create new jobs and hire unemployed persons or veterans after December 31, 2009, and before January 1, 2013.

New Employer Tax Credit: This bill provides a new employer tax credit to businesses who start businesses in Indiana after December 31, 2009.

IEDC: The bill requires the Indiana Economic Development Commission (IEDC) to: (1) establish the position of small business ombudsman to assist small businesses with regulatory matters; (2) establish the position of incentive compliance officer, monitor compliance with the terms on which tax credits or other state incentives were granted to businesses, and initiate the recovery of the incentives from businesses that failed to comply with the terms of the incentive; (3) require that businesses receiving state incentives give priority to hiring unemployed workers; and (4) encourage collaborative efforts between higher educational institutions, businesses, and economic development commissions to train individuals for high technology jobs.

Public Works Contracts: This bill provides that certain contracts for public works projects may not be awarded to a contractor that does not: (1) employ residents of Indiana as at least 80% of the employees working on the contract; and (2) enter into subcontracts only with subcontractors that employ residents of Indiana as at least 80% of the employees working on the contract.

Hiring Preference: The bill allows the hiring authority of a city, county, or township to give a preference in hiring for police and fire department positions to: (1) a police officer or firefighter laid off by a city; (2) a county police officer laid off by a sheriff's department; or (3) a person who was employed full-time or part-time by a township to provide fire protection and emergency services and has been laid off by the township.

HIRE Program: This bill establishes the Helping Indiana Restart Employment Program (HIRE). The bill also permits augmentation of the state TANF appropriation to match federal stimulus funds available for emergency funding for TANF programs.

Study Committee: The bill establishes the Interim Study Committee on Economic Development.

Warrick County Project: This bill authorizes an economic development project district in Warrick County.

Capital Access Program: The bill also transfers $1,500,000 of the amount appropriated to the IEDC in the current biennium from the purposes specified in the budget bill enacted in the 2009 special session to the purposes of the Capital Access Program.

Effective Date: (Amended) January 1, 2010 (retroactive); Upon passage; July 1, 2010

Explanation of State Expenditures: (Revised) *HIRE Program*: This bill creates the Helping Indiana Restart Employment program that is to be administered by the Division of Family Resources (DFR) with the help of the Department of Workforce Development (DWD). DFR will be required to both ensure that employers and individuals seeking employment meet qualification criteria contained in the bill. This will increase the workload of DFR. The HIRE program provides monthly reimbursement for wages paid to individuals who meet the qualification criteria over a 6-month period for each employee hired. The reimbursement rate declines over the duration of a qualified members employment. Wage reimbursement provided to employers is to be funded by a combination of state and federal funding.

The provisions of the bill establishing the HIRE program will allow the state to receive additional federal American Recovery and Reinvestment Act of 2009 (ARRA) TANF Emergency funds until October 2010. In order for the state to receive TANF Emergency funds, the state would be required to spend state funds to draw down the federal match. The state is eligible to draw down a maximum of $104 M in federal ARRA TANF Emergency Funds before October 1, 2010. If the state is approved to spend the maximum $104 M, state funds of $20.8 M may be required to meet the 20% state matching requirement. Under the ARRA TANF emergency fund guidelines, third-party funding (e.g., foundation grants, private funding) can be counted as the maintenance of effort (MOE) and meet the 20% increase in subsidized employment spending requirement. It is not known if all the wages paid to program participants would be eligible to count as the state MOE (as this would be left to the discretion of DHHS). However, this ability could minimize the expenditure the state would incur to draw down federal ARRA TANF emergency funds.

The bill allows for the augmentation of the budget to allow state funds to be used to provide the state match to obtain the maximum amount of federal TANF Emergency funds. [Note: Any unused funds that are from appropriation augmentations intended to draw down federal funds revert back to the fund they were originally diverted from. Additionally, the funds can come from any state fund that is not restricted by federal law or the terms of a contract, grant, loan, gift, or bequest.] The bill may not necessarily increase state expenditures, but may decrease reversions to the General Fund, in order to meet the federal match requirement to the extent unused or non-obligated state funds are diverted for purposes of leveraging ARRA TANF emergency funding.

(Revised) *Study Committee:* This bill establishes the Interim Study Committee on Economic Development. The Committee will consist of 17 members as follows: 2 Senators, 2 Representatives, the CEO of the IEDC or their designee, 6 members appointed by the President Pro Tempore of the Senate, and 6 members appointed by the Speaker of the House of Representatives. The Committee is to operate under the policies governing study committees adopted by the Legislative Council. Legislative Council resolutions in the past have established budgets for interim study committees in the amount of $16,500 per interim for committees with 16 members or more.

This bill specifies that the Interim Study Committee on Economic Development is to study the following topics:
(1) best practices in state and local economic development policies and activities;
(2) the use and effectiveness of tax credits and deductions;
(3) whether there are any specific sectors of the economy for which Indiana might have comparative advantages over other states;
(4) the extent to which Indiana's tax laws encourage business investment and any improvements that might be made to Indiana's tax laws;
(5) the extent to which Indiana's education systems support economic development; and
(6) any other issue assigned to the committee by the Legislative Council or as directed by the committee's co-chairs.

(Revised) *Capital Access Program*: This bill provides that $1.5 M will be transferred from the appropriations made to the IEDC for the biennium to provide funding for the Capital Access Program. The IEDC was appropriated $6.7 M for each of FY 2010 and FY 2011.

(Revised) *IEDC- Summary*: This bill will increase the administrative workload of the IEDC as a result of the provisions below. Existing staffing and resource levels, if currently being used to capacity, may be insufficient for full implementation. The additional funds and resources required could be supplied through existing staff and resources currently being used in another program or with new appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend on legislative and administrative actions.

IEDC - Job Creation Incentives Priority: The IEDC is required to establish a program to ensure that dislocated workers from Indiana are given first consideration for jobs created through incentives granted by the IEDC. Beginning in April 2010, the IEDC will condition incentives awarded or approved upon compliance with this program.

This bill also requires the IEDC to give priority in the awarding or approving of job creation incentives to business entities that locate in a county where individuals have become dislocated workers due to a permanent closure of a plant or facility, or a significant reduction in the workforce.

IEDC - Full-Time Compliance Officer: The bill requires the IEDC to hire or reassign a current employee to serve in a full-time position as a compliance officer. This person will monitor incentives granted by the IEDC to ensure compliance with the terms and conditions of incentive agreements. Currently, compliance monitoring of agreements is performed by several staff at IEDC.

IEDC - Incentive Agreement Provisions: Beginning in April 2010, incentive agreements entered into by recipients and the IEDC must include the following requirements:
(1) that a specific number of individuals will be employed by the applicant as of a specified date each year;
(2) that the applicant will file with the compliance officer an annual compliance report concerning (1);
(3) that the applicant will pay back to the state the proportionate share of any incentive that has already been received if they do not comply with (1); and
(4) that the applicant will pay back to the state the entire incentive that has been received by the applicant if the applicant moves, closes, or transfers employment positions out of Indiana.

The IEDC may not grant an incentive to an entity that is required to pay back any part of an incentive to the state until they have repaid the proper amount.

IEDC - Job Training Programs for High Technology Industries: The bill requires the IEDC to encourage collaborative efforts between Indiana postsecondary institutions, local economic development commissions, and businesses to customize job training programs at community colleges to encourage employment in high technology industries.

IEDC - State Economic Incentives and Compliance Report: Beginning with the 2010 State Economic Incentives and Compliance Report, the IEDC must include information on the effectiveness of all incentives granted. Specifically, the report is required to address compliance with incentive agreements and any incentives that had to be reduced or paid back as a result of noncompliance with the agreements. In addition, the report is required to include the total incentive provided for each job created, computed from the date the incentive is granted through the end of the state fiscal year. These reports are submitted to the General Assembly by the IEDC.

IEDC - Small Business Ombudsman: The bill requires the IEDC to designate an employee in the small business division to be the small business ombudsman. The bill requires the IEDC to provide staff support to the ombudsman and outlines the duties to be carried out by the ombudsman. The bill also requires the small business ombudsman to review proposed rules and participate in rule-making actions that affect small businesses pursuant to current statute requiring such reviews.

(Revised) *Public Works Contracts:* The bill would have indeterminate fiscal impact on public works projects. Costs for the Public Works Department (PWD) of the Department of Administration (DOA), a state agency or commission contracting for public works, the Ports of Indiana, and the Indiana Department of Transportation (INDOT) could increase to the extent that a low-cost bidder who does not employ the required proportion of Indiana residents or who subcontracts with a subcontractor who does not employ the required proportion of Indiana residents may not be granted a contract. Also, contracts awarded to contractors that fail to maintain or who's subcontractors fail to maintain the required proportions of Indiana residents are terminated, reinitiating the contracting process. However, some of these costs may be offset by the contractor or subcontractor being subject to a Class B infraction for failing to employ the required proportion of Indiana residents. A separate infraction applies for each nonresident employed in excess of the allowed number of nonresidents. Infraction penalties are deposited in the state General Fund.

(Revised) *Public Works Contracts-Reporting Requirements*: Before August 15 of each year, beginning in 2011, the PWD, state agencies or commissions entering into a public works contract, the Ports of the Indiana Commission, and the INDOT are to report to the public and the Legislative Council on the percentage of employees employed by contractors or subcontractors who work on each contract and who are residents of

Indiana. The bill's requirements are within the agency's routine administrative functions and should be able to be implemented with no additional appropriations, assuming near customary agency staffing and resource levels.

(Revised) *Warrick County STIF:* Under the bill, the Department of State Revenue (DOR) would have to calculate the gross retail incremental amount for the Warrick County sales tax increment financing (STIF) district authorized under the bill. In addition, the State Board of Finance would have approval and oversight responsibilities relating to the Warrick County STIF district. The Auditor of State provides staffing for the Board of Finance. Both agencies' current level of resources should be sufficient to implement these tasks relating to the STIF district authorized by the bill.

(Revised) *Tax Credits:* The DOR will incur additional expenses to revise tax forms, instructions, and computer programs to reflect the new tax credits established by the bill. The DOR's current level of resources should be sufficient to implement these changes.

(Revised) <u>*Background and Additional Information -*</u>

Public Works Contracts- Resident of Indiana: A resident of Indiana is defined as a person at least 18 years old and who has a registered motor vehicle in Indiana, is registered to vote in Indiana, has a child enrolled in an elementary or secondary school in Indiana, or who derives more than one-half of the person's gross income from sources in Indiana. However, if a person only meets the income factor, the person may not be a resident of Indiana if the preponderance of the evidence of the first three factors is not met.

Contractor and Subcontractor Qualifications: Currently, the PWD requires contracts and subcontractors to be certified prior to bidding or performing work under contract for which the cost is estimated at more than $150,000. INDOT requires a form outlining the contractor's experience and financial condition for prequalification before bidding on contracts for the maintenance or construction of highways, bridges, and appurtenances.

Application: The bill exempts from its requirements a contract or subcontract that is funded with federal funds. Imposing the requirements would cause the state to lose the funds. The Indiana resident hiring requirements also would not apply to contracts for work resulting from an emergency or performed by an artisan or that is in a specialty area with limited persons able to perform the work.

<u>**Explanation of State Revenues:**</u> (Revised) *New Employer Tax Credit:* The bill establishes a tax credit for a corporation or pass through entity that: (1) locates or relocates its business operations to Indiana after December 31, 2009; (2) employs at least one full-time employee in Indiana; and (3) pays 25% of the proceeds of the tax credit as bonus compensation to employees under a formula specified by the bill. The tax credit is equal to 50% of the income tax liability, insurance premiums tax liability, or financial institutions tax liability of the qualified corporation or pass through entity during the first 24 months it operates in Indiana.

It is estimated that this tax credit could reduce state tax revenue by $5.6 M to $10.5 M in FY 2011 and $10.4M to $19.5 M in FY 2012. This revenue loss would be attributable solely to the level of business startups already occurring annually in Indiana. Based on quarterly employer reports filed for purposes of unemployment compensation taxes, there are an estimated 4,000 to 6,000 new corporations and pass through entities that annually commence business operations in Indiana. The annual credit total could be higher than the above estimate: (1) to the extent that the credit induces business entities to start operations in Indiana;

and (2) if unusually large business entities start operations in Indiana. About 0.85% of the revenue loss would be offset by individual income tax on the employee bonus amounts. The offset could be somewhat higher if bonus amounts are spent on taxable goods and services. The FY 2012 revenue loss is expected to persist in subsequent years, with the annual credit total including credits claimed by business entities in their first year of operation in Indiana and credits claimed by business entities in their second year of operation in Indiana.

(Revised) *Small Business Job Creation Tax Credit:* The bill establishes a tax credit for certain small businesses that employ qualified new employees during 2010, 2011, or 2012. To be eligible, the small business must have been in existence and employing full-time employees in Indiana before January 1, 2010. The tax credit is equal to $3,000 for each qualified new employee the small business employs during the taxable year. As a result, if a small business initially employs a qualified employee in 2010 and retains that employee during 2011 and 2012, the small business is entitled to a $3,000 tax credit for that employee in each of the three years. Generally, a qualified new employee is an individual initially employed by a small business after December 31, 2009, in excess of the small business's base employment level. The base employment level is based on the small business's employment during the first six months of 2008, if the business operated in Indiana on January 1, 2008; or the business's initial six months of operation, if the business began operating in Indiana after January 1, 2008. To obtain the full tax credit, the small business must retain the qualified new employee for at least 18 months.

It is estimated that the cohort of businesses that operated at the beginning of 2008 could potentially claim $4.1M to $11.7 M in credits annually in 2010, 2011, and 2012 for qualified new employees these businesses initially employ in 2010 and retain in 2011 and 2012. The fiscal impact of these credit totals would likely occur in FY 2011, FY 2012, and FY 2013. Due to insufficient data the tax credits that could potentially be claimed by small businesses that commenced operations in Indiana sometime during 2008 or 2009 is indeterminable but assumed to be significant.

(Revised) *Warrick County STIF District:* The bill extends the current STIF law to authorize a STIF district in Warrick County. The Warrick County STIF district would have to be reviewed and approved by the State Board of Finance. The authority to establish the Warrick County STIF district would expire on January 1, 2015, if the State Board of Finance fails to approve the district by that date; and, if designated, the district would expire on January 1, 2015, if the county redevelopment commission fails to issue bonds to finance the public improvement project in the district by that date.

The Warrick County STIF district would be permitted to capture a maximum of 80% of the gross incremental Sales Tax revenue generated by STIF district businesses each year. The gross incremental amount is the total Sales Tax revenue generated during a fiscal year by district businesses minus the amount generated by district businesses in the fiscal year prior to the STIF district being designated.

The proposed Warrick County STIF district would reduce Sales Tax collections deposited in all the funds in the current Sales Tax distribution formula by an indeterminable amount. This would occur as Sales Taxes from retail transactions within the STIF district are diverted from state funds to the STIF fund. The net revenue impact of diverting the Sales Tax collections to the Warrick County STIF district depends on the extent that additional tax collections from retail activity and employment attributable to the investment in the STIF district is less than or exceeds the amount of Sales Tax collections diverted to the district's STIF fund. However, if the investment would have occurred in the absence of the STIF district, the state incurs a revenue loss equal to the total amount of Sales Tax collections diverted to the district's STIF fund.

(Revised) *STIF Districts in General:* The bill makes two changes that would affect the Warrick County STIF district as well as other STIF districts that might be authorized under current statute. The bill increases the maximum term of bonds and leases for a STIF district from 20 years to 25 years. The bill also prohibits Sales Tax from being deposited in a STIF fund for a particular district after the end of the calendar year in which the State Board of Finance determines that no obligations incurred for purposes of district public improvements are outstanding.

(Revised) *IEDC - Violation of IEDC Incentive Agreements*: Beginning with incentives granted in April 2010, if applicants do not comply with the provisions agreed to when receiving incentives, they must pay back the appropriate amounts determined by the IEDC. The fiscal impact is indeterminable because it will depend on the extent to which applicants violate the provisions of their incentive agreements.

The IEDC is entitled to demand a portion of any incentive that has been received if fewer individuals are employed than the number agreed to initially; and the IEDC is entitled to demand the entire incentive that has been received if the applicant moves, closes, or transfers employment positions out of Indiana. The bill also provides that the IEDC may waive or modify a recapture provision in an agreement if conditions were not met because of circumstances beyond the recipient's control. The circumstances specified include: (1) natural disaster; (2) unforeseen industry trends; (3) lack of available labor force; or (4) loss of a major supplier or market.

(Revised) *Public Works Contracts:* The bill provides for a Class B infraction for the contractor who does not meet the required proportion of resident employees. There could be an infraction charged for each nonresident employed in excess of the number of nonresident employees allowed. If additional court cases occur and infraction judgments and court fees are collected, revenue to the state General Fund may increase. The maximum judgment for a Class B infraction is $1,000, which is deposited in the state General Fund.

If court actions are filed and a judgment is entered, a court fee of $70 would be assessed, 70% of which would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court. In addition, some or all of the document storage fee ($2), automated record keeping fee ($7), judicial salaries' fee ($18), the public defense administration fee ($3), the court administration fee ($5), and the judicial insurance adjustment fee ($1) are deposited into the state General Fund.

(Revised) *Background Information: New Employer Tax Credit* - The tax credit would be allowed for corporations and pass through entities. A "pass through entity" is a Subchapter S corporation, a partnership, a trust, a limited liability company, or a limited liability partnership. The tax credit does not apply to a corporation or pass through entity that: (1) is directly or indirectly under common ownership or control with another corporation or pass through entity that conducts business operations in Indiana in the same line of business; or (2) is the successor to part or all of the assets or business operations of another corporation or pass through entity that conducted business operations in Indiana in the same line of business.

Under the bill, 25% of the tax credit must be paid to employees who are employed by the corporation or pass through entity in Indiana as bonus compensation. The bonus compensation for each employee is equal to the lesser of: (1) An amount proportional to the number of hours the employee worked or other units of pay for which the employee worked for the business in Indiana during the taxable year; or (2) $3,000. The bill provides that the percentage of the credit paid to employees in bonus compensation may be less than 25% if the entire share is not needed to provide bonus compensation in compliance with the formula.

The revenue loss estimate assumes that 4,000 to 6,000 new corporations and pass through entities commence business operations in Indiana each year. These counts are based on matching of quarterly employer reports filed for purposes of unemployment compensation taxes. These entities are assumed to be distributed as follows: 50% S-Corporations, 30% partnerships and other pass through entities, and 20% C-Corporations. It assumes an attrition rate of 15% from year one of the tax credit to year two of the tax credit. It also assumes that only 40% of corporations and pass through entities have an annual tax liability. The average annual tax liability by entity is assumed to range from $3,000 to $4,000 for S-Corporations, $4,000 to $5,000 for partnerships and other pass through entities, and $20,000 to $25,000 for C-Corporations.

Small Business Job Creation Tax Credit - The tax credit is $3,000 per qualified new employee employed during the tax year, up to a maximum of $100,000 per small business in a tax year. The tax credit is nonrefundable, but a taxpayer may carry over excess credit amounts for up to three years. The tax credit may not be carried back. The tax credit is limited to a taxpayer that is a small business that operated with full-time employees in Indiana before January 1, 2010. A small business is a business entity that: (1) employs no more than 150 employees on at least 50% of the working days of the business entity during the year; and (2) has the majority of its employees working in Indiana.

A small business is entitled to the credit for qualified new employees it employs during 2010, 2011, or 2012 in excess of its base employment level. The base employment level is: (1) the average employment by the small business during the first six months of 2008, if the small business was in existence and operating in Indiana on January 1, 2008; or (2) the average employment by the small business during its initial six months of operation, if the small business began doing business in Indiana after January 1, 2008, but before January 1, 2010. The bill also contains a clawback provision under which the small business would forfeit 50% of the tax credit if the qualified new employee is not retained for at least 18 months after initial employment.

A qualified new employee must be employed for at least 35 hours per week and be paid an income of at least 200% of the federal hourly minimum wage. In addition, the qualified new employee must meet all of the following criteria:

(1) Have been initially hired into a position as a full-time employee by the small business for the first time after December 31, 2009.
(2) Be, at the time the small business initially employs the individual after December 31, 2009, an individual who is receiving or has exhausted state or federal unemployment insurance benefits; or be a former member of the U. S. military who received an honorable discharge
(3) Is not an individual who was employed by a related member of the small business.
(4) Is not a child, grandchild, parent, or spouse of any individual who is an employee of the small business or who has a direct or an indirect ownership interest of at least 5% of the business.

The estimated revenue loss for small businesses operating on January 1, 2008, is based on matching of quarterly employer reports filed for purposes of unemployment compensation taxes. Employer reports for the 1st and 2nd quarters of 2008 are matched with the employer's 2nd quarter 2009 report (the most recent employers' data available). The matches were utilized to compare the most current reported employment at businesses to their base employment level which is the average for the 1st and 2nd quarters of 2008. Employer records reporting no employees or more than 150 employees, an average wage of less than $30,000, and having a June 2009 employment level below the base employment level were excluded from the analysis as not qualified for the tax credit. Employment growth at qualified businesses is based on the estimated response of employment levels to the reduction in wage cost due to the tax credit. The response rates are assumed to range from a 1.5% to 3% increase in employment for a 10% reduction in wage cost.

Explanation of Local Expenditures: (Revised) *Hiring Preference:* The bill would provide cost savings for training new police officers and firefighters. While the officer or fire personnel would have to apply for the position, rather than be transferred, salary expense for more experienced personnel may be at the upper boundary of the salary range. The cost savings or additional expenditures would depend on the decisions of the jurisdiction hiring the laid-off police officer or firefighter.

[If a police officer is not employed as a police officer for less than two years, the officer is not required to retake basic training. Local training requirements may apply, however. The Education Board of the Department of Homeland Security certifies fire personnel that have successfully completed the minimum basic training requirements.]

(Revised) *Public Works Contracts*: The proportions of Indiana residents employed by contractors and subcontractors would apply to local unit public works contracts. This would have indeterminate fiscal impact on local public works projects.

Explanation of Local Revenues: *Farmland Assessment:* Under current law, the assessed value of real property is adjusted each year to reflect market changes. Each year, the base rate for agricultural land is set by the DLGF, based on a six-year rolling average of the capitalization of net cash rents and net operating income for farmland. Beginning with taxes payable in 2011 under this bill, the high year in the six-year average would be dropped.

The base value per acre of farmland is $1,250 for taxes payable in 2010, and is currently estimated at $1,400 for 2011, $1,700 for 2012, and $1,810 for 2013. Under this proposal, the base rate would be $1,290 for 2011, $1,500 for 2012, and $1,620 for 2013.

The reduction in the farmland base rate in this proposal would result in a smaller tax base than under current law. This would lead to a higher tax rate. The statewide average tax rate per $100 AV would increase by an estimated $0.0118 in 2011, $0.0204 in 2012 and $0.0184 in 2013.

This increased tax rate would shift part of the tax burden from farmland to all other classes of property. In addition, circuit breaker credits would increase by a small amount and TIF proceeds would increase slightly. The table below contains estimates of these changes.

Estimated Net Property Tax and Circuit Breaker Changes						
Net Tax by Property Type	**2011**		**2012**		**2013**	
Homesteads	+5.6 M	+0.3%	+9.7 M	+0.5%	+9.1 M	+0.5%
Farmland	-17.8 M	-6.4%	-30.0 M	-9.4%	-27.3 M	-8.2%
Other Residential	+1.4 M	+0.2%	+2.4 M	+0.3%	+2.3 M	+0.3%
Commercial Apartments	+0.1 M	+0.1%	+0.2 M	+0.1%	+0.2 M	+0.1%
Ag_Business (Ex. Farmland)	+1.4 M	+1.3%	+2.3 M	+2.2%	+2.0 M	+2.0%
Other Real Property	+3.1 M	+0.2%	+5.4 M	+0.3%	+4.9 M	+0.3%
Personal Property	+3.0 M	+0.3%	+5.2 M	+0.6%	+4.7 M	+0.5%
TIF Proceeds	+0.6 M	+0.1%	+1.0 M	+0.2%	+0.9 M	+0.2%
Circuit Breakers	+3.6 M	+0.8 %	+5.6 M	+1.2%	+4.8 M	+1.1%

(Revised) *Warrick County STIF District:* All Sales Tax revenue diverted to the Warrick County STIF district is required to be deposited in the district's STIF fund. The Warrick County district must be located in whole or in part on reclaimed coal land near the Blue Grass Fish and Wildlife Area and I-164; and must adjoin the northernmost boundary of the Fish and Wildlife Area. The project is being pursued by the Hoosier Heritage Youth Foundation and calls for the development of the Village Earth Interpretative Center at the site. The proposal calls for the construction of a multi-faceted tourist attraction anchored by the interpretative center, including plans for lodging, dining, and retail facilities, an aquarium, and other attractions.

The bill allows money in the STIF fund to be used for the following project costs relating to the Warrick County STIF district:

(1) The total cost of acquisition of all land, rights-of-way, and other property to be acquired, developed, or redeveloped for the project.
(2) Site preparation, including utilities and infrastructure.
(3) Costs associated with the construction or establishment of a museum and education complex and a multisport athletic complex that are owned or leased by tax exempt not-for-profit entities.
(4) Costs associated with the construction or establishment of a museum and education complex and a multisport athletic complex that are owned or leased by: (A) Warrick County; (B) the Warrick County Redevelopment Commission; (C) a redevelopment authority; (D) a leasing body; or (E) entities that are exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code.
(5) Road, interchange, and right-of-way improvements.
(6) Public parking facilities.
(7) All reasonable and necessary architectural, engineering, legal, financing, accounting, advertising, bond discount, and supervisory expenses related to the acquisition and development or redevelopment of the property or the issuance of bonds.
(8) For any bonds issued by an entity to which money from the STIF fund may be pledged, debt service, lease payments, capitalized interest, or debt service reserve for the bonds to the extent the commission determines that a reserve is reasonably required.

(Revised) *Public Works Contracts:* If additional court actions are filed and a judgment is entered, local governments would receive revenue from the following sources. The county general fund would receive 27%

of the $70 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. Additional fees may be collected at the discretion of the judge and depending upon the particular type of case.

State Agencies Affected: DLGF; IEDC; IHCDA; State Budget Agency; DOA; Any state agency or commission entering into a public works contract; Ports of Indiana; INDOT; DOR; State Board of Finance; State Auditor.

Local Agencies Affected: County assessors; Local taxing units impacted by circuit breaker credits; Cities, towns, and counties; Local units entering into public works contracts; Trial courts, local law enforcement agencies; Warrick County Redevelopment Commission.

Information Sources: *Farmland Assessment For Property Taxes*, Larry DeBoer, Purdue University, http://www.agecon.purdue.edu/crd/Localgov/Topics/Essays/Prop_Tax_FarmLand_Asmt.htm; LSA parcel-level assessment and tax database; Eric Shields, IEDC, 317-234-3997; Stephanie Reeve, IHCDA, 317-233-4474; Elizabeth Lerch, DOA.

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